

ACCOUNTING POLICY

TOPIC: Section 1--Business Standards 1.0	EFFECTIVE DATE: 1/26/83
TITLE: Basic Standards for Financial Transactions	REVISION DATE: 7/26/02
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BACKGROUND

Separation of financial management responsibilities between the Bureau of Fiscal Services (BFS) and other organizational units within DHFS is an important fiscal control. The purpose of this policy is to clarify and emphasize some key areas.

It has long been the Department's expectation that the Bureau of Fiscal Services and other organizational units carry out different, but when added together, complete responsibilities to manage the resources allocated through the policy-making process. All financial transactions (vouchers, purchase orders, etc.) and payments submitted from divisions, or originating in BFS, need to meet several basic financial policy standards.

POLICY

The Bureau of Fiscal Services' responsibility, in part, is to assure that Department units are, in fact, meeting their control responsibilities as they relate to financial transactions and that policies governing these documents are available and being applied consistently throughout the Department. These controls will be accomplished as follows:

- BFS will develop and make available clear fiscal policies and guidelines through issuance of revised and codified accounting manuals. Revisions and updates to this manual will be issued in a timely manner, and we expect the various divisions to suggest changes needed from their perspective.
- BFS staff will provide training and technical assistance to divisions to assist them in meeting their responsibilities.
- Financial procedures that divisions have adopted to meet their responsibilities will be reviewed periodically by the Department's Preaudit Unit and Controller's Office (site reviews, etc.), and any recommendations for change will be communicated.
- Individual financial-related documents will be selected on a random sample basis for review prior to their submission to DOA. Any errors noted will be communicated to the divisions for their follow-up.

BASIC STANDARDS FOR TRANSACTIONS FLOWING
FROM DECENTRALIZED AND CENTRALIZED FISCAL UNITS

1. The transaction is in compliance with Department policies and the State's statutes, rules and regulations.
2. The document is mathematically accurate and complete.
3. The transaction has been properly authorized and required signatures are affixed to the document.
4. The account coding is valid and accurate, and proper authorization and/or receipt of goods is assured before input in the accounting system or check-writing process.
5. Sufficient fiscal resources authorized by the Budget Act are available to cover the transaction.
6. For transactions requiring a contract, such contract has been fully executed (signed by Department and Provider), and is on file within the Department. See also **Section 15-Contract Administration 1.0, 2.0 and 3.0**.
7. The transaction, even though technically accurate, does not fall outside statutory or budgetary intent.
8. Under usual business circumstances, grants to providers, counties and non-profit organizations are provided for, and governed by, the Wisconsin Statutes and federal regulations related to the program and funding formulas of the Department. These statutes and federal provisions should be followed. However, there are circumstances where the Department may grant funds on an infrequent basis to programs outside of the usual funding formulas. This policy provides a minimum criteria which shall be followed when making grants to non-profit agencies.

Whenever grants are made by the Department of Health and Family Services Agencies, the following minimum criteria should be followed:

A contract or agreement shall be signed by the Division Administrator and the receiving agency prior to funds being disbursed. This agreement shall contain the following:

- a. Purpose of grant, benefit or service to the State; necessity or accomplishment expected.
 - b. A report of expenditures after grant period should be required normally unless waived by the Bureau of Fiscal Services.
 - c. An evaluation of the grant program, after grant period, should be required where appropriate.
 - d. Any other requirement of the granting organization, Wisconsin Statutes or funding source.
9. Internal policies and fiscal monitoring in BFS and the division fiscal units should assure that State GPR funds don't carry a disproportionate share of expenditures when these are programs funded through GPR and federal allocations.

10. When federal funds can be successfully claimed which are not included in the biennial budget, and the funds are either reimbursement for past GPR expenditures or payment for expense which would otherwise be billed to GPR budgeted for that purpose, the typical result should be a lapsing of the funds (either federal reimbursement, or GPR saved through federal billing). This includes successfully claiming federal funds at a higher matching ratio than budgeted. In some cases, it is desirable to recommend that funds not lapse but be made available for programmatic use; in this case, opportunity for legislative review of proposed expenditures should be provided.

This guideline does not intend that the details of every specific federal grant must be foreseen in the biennial budget process or subsequently reviewed. Project specific federal funding, for purposes not explicitly planned in the State's budget, but consistent with a broader program and budget authority, may be received and expended for the project purpose, using existing State processes for approving and administering such grants. (See also **Section 14-Federal Funds 2.0**).

11. Except where otherwise required by law or regulation, all financial statements shall be prepared according to generally-accepted accounting principles. Notes disclosing the basis of accounting and any special items should be an integral part of the statements.
12. Financial reports, including federal claims, annual or interim financial statements, etc. shall be complete, accurate and prepared in accordance with applicable standards, supported by and reconcilable to the accounting system and prepared or reviewed by the Controller's Office (BFS) prior to issuance. Review by the Controller's Office shall be obtained by submitting the financial statements to the Assistant Director two weeks prior to issuance.

REFERENCES

DOA Preaudit Authority Guidelines (November 1982)
H&SS Preaudit Delegation Agreement
DHFS APP **Section 15-Contract Administration 1.0** (Contract Administration for Aids/Grants)
DHFS APP **Section 15-Contract Administration 2.0** (Required Standard Contract Language)
DHFS APP **Section 15-Contract Administration 3.0** (Review of Contract Financial Provisions)
DHFS APP **Section 14-Federal Funds 2.0** (Administration of Joint Funded Programs and Excess Federal Revenue)

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